

Annual Performance Plan 2001

Annual Performance Report 1999

Office of Insular Affairs



DEPARTMENT OF THE INTERIOR

Office of Insular Affairs
Annual Performance Plan FY 2001
Annual Performance Report FY 1999

DEPARTMENT OF THE INTERIOR
OFFICE OF INSULAR AFFAIRS

The Department of the Interior has had a long and constantly evolving history with respect to U.S. territories and other affiliated insular areas. The Office of Insular Affairs (OIA) is part of that history. OIA is a small programmatic office located within the Office of the Secretary. Our current challenge is to help the insular areas develop more efficient and effective government while honoring their rich history and unique cultures.

The OIA coordinates federal policy and provides technical and financial assistance to the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The Office also oversees federal programs and funding in the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

From a policy perspective, our long-term goal is to improve the relationships with the insular governments. Fostering better communications is integral to attaining this goal. OIA provides a wide range of financial assistance to improve government infrastructure and to support basic government operations. Much of this assistance is mandatory and is the product of negotiated long-term agreements. OIA also works with the insular governments to identify technical assistance needs and then locates expertise to help with a broad range of governmental activities. For all of the assistance programs, OIA works to ensure that there has been adequate planning to identify needs and priorities, and that projects are completed quickly and effectively.

Ferdinand Aranza
Director
Office of Insular Affairs

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About This Document

FY 1999 PERFORMANCE REPORT

The FY 1999 Performance Report contained in this document represents the Office of Insular Affairs first strategic plan and attempt at performance measures. It was developed shortly after a major downsizing and before the Office had any experience operating at a reduced size. Some of the goals and performance measures in that plan are no longer feasible or are clearly outside of OIA's control.

FY 2000 OPERATING PLAN

The FY 2000 Operating Plan included in this report has been modified to account for budget changes that

occurred during the appropriations process, including reductions in funding for the Office of Insular Affairs, our Coral Reef Initiative, Brown Tree Snake Control, and Impact Payments to Guam. Funding was increased for capital improvement assistance to the Government of the Virgin Islands. The FY 2000 Plan is also being modified to account for changes being made in the OIA Strategic Plan, which will be transmitted at a later date.

FY 2001 ANNUAL PERFORMANCE PLAN

The FY 2001 Annual Performance Plan is significantly different from earlier performance plans. The reasons for these changes are explained in the Executive Summary and will be reflected in a new Strategic Plan.

Executive Summary

Subhead text here

It is difficult to fit the Office of Insular Affairs into the mold created by the Government Performance and Results Act as, unlike other Federal organizations, the OIA has limited control over the use of a majority of its funds. There are several reasons for this anomaly.

First, more than eighty percent of OIA's funding is mandatory. Much of that funding has been permanently appropriated, so control through the budget process is limited to about one in every six dollars.

Second, OIA is the only Federal agency that provides subsidies to the general revenues of local governments through Operations Grants. Most of these operational subsidies take place through the mandatory appropriations. Of the one-sixth of the budget (\$50.7 million in fiscal year 2000) that is discretionary, approximately forty-six percent or \$23.1 million is a subsidy to the operating budget of the American Samoa Government. This money is subject to local appropriation as to its use. Controls imposed through the grant process are primarily in the areas of reporting and timing of funds, rather than specific uses of the money or performance results.

Finally, when OIA provides discretionary grants to the insular governments, most are for technical assistance activities. These projects are designed to provide expertise or perform demonstrations in any area of government operations. Unfortunately, the sum of grant money is so small, especially when compared to the width and breadth of seven island governments, that improvements can only be measured in the long-term and change cannot necessarily be ascribed to the technical assistance funding which is usually just one of a number of contributing factors.

Why provide this type of financial assistance to the insular governments? Congress has recognized that the nor-

mal array of Federal programs available to the states is not sufficient and does not address many of the unique political, social and economic needs of the islands. Also, the money does make a difference over the long run. Few can argue that technical assistance in the financial management area hasn't produced dramatic improvements in internal controls and accountability in most of the islands when compared to ten or twenty years ago. Likewise there have been significant improvements to many public services such as power, water, wastewater and communications utilities. Some of this is directly related to technical assistance activities and grants awarded under the Operations and Maintenance Improvement Program. There are numerous other examples.

However because of the long-term perspective of its technical assistance activities and variety of other factors that affect goal achievement, OIA has decided to focus on those goals and objectives that are achievable by OIA in the short term, are less dependent on the insular governments, and are less affected by external factors. This results in a more "output"-focused approach rather than "outcomes," which is reflected in the revisions to the Strategic Plan and the performance plans for fiscal year 2000 and beyond. For example, OIA has very limited control over the quality of basic services provided by the insular governments; but it does have greater control over the timely use and release of grant money and the level and effectiveness of communications it maintains with the insular governments and their leaders. These are activities that can be measured and tracked.

Broader territorial performance as measured by economic and demographic data will be accumulated and presented annually in OIA's State of the Islands Report; but will not be tracked through the Government Performance and Results Act process.

Section I

Introduction and Overview

INTRODUCTION

The Office of Insular Affairs (OIA) carries out the Secretary of the Interior's responsibilities for the insular areas, including providing them with financial assistance for government operations and needed infrastructure, and technical assistance and advisory services. This assistance is a recognition that local tax revenues and other Federal programs are insufficient to meet the unique needs of these areas.

The Secretary's responsibilities also require the OIA to coordinate activities with other Federal agencies in developing insular policy positions and to enunciate the Administration's position in discussions with the Congress and the insular governments. The insular governments include American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia.

1.2 MISSION STATEMENT

Assist the islands in developing more efficient and effective government by providing financial and technical assistance, and help manage Federal island relations |by promoting appropriate Federal policies

1.3 LINKAGE TO STRATEGIC PLAN AND DEPARTMENTAL GOALS

The Department has had a long relationship with the U.S. territories and other insular areas and has always recognized its responsibilities to the islands as mandated and authorized in law, and as delegated to the Secretary in Executive Orders. For the first time, beginning in fiscal year 2000, the Department has incorporated this "commitment to island communities" into its mission statement and Departmental goals.

In its revised Strategic Plan, the OIA addresses this commitment in three areas: first to improve island infrastructure, second to improve governmental systems and services; and third to improve governmental relations with the insular areas. The long-term goals in the first two areas will ensure that adequate planning is taking place and plans are being implemented in a timely manner. The long-term goal in the area of improving governmental relations is to facilitate the communications process and thus reduce misunderstandings that often occur because of the islands unique political status, cultures and distances from the rest of the United States.

RELATIONSHIP BETWEEN DEPARTMENTAL GOALS AND OIA GOALS

Departmental Goals	OIA Mission Goals	Program Activities	Long-term Goals
5. Meet our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities	Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	Improve Infrastructure	<ol style="list-style-type: none"> 1. By 2005, all insular governments are implementing multi-year capital plans for infrastructure, that adequately identify operations and maintenance needs. 2. Increase grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.
		Improve Government Systems and Services	<ol style="list-style-type: none"> 1. By 2005, all insular governments are implementing long-term plans to improve financial management. 2. Increase grant productivity by improving the ratio of projects completed to projects started and reducing the average completion time of projects.
	Help manage Federal-island relations by promoting appropriate Federal policies.	Improve Governmental Relations	<ol style="list-style-type: none"> 1. Improve Federal-insular communications to facilitate the resolution of insular area problems.

1.4 LINKAGE TO BUDGET

Most of OIA's budget is devoted to funding financial and technical assistance for the insular governments. Therefore, all budget programs and activities except the administrative costs of the OIA fall within the first Mission Goal (first two program activities). The actual work of the Office is split between the first and second Mission Goals.

The Office of Insular Affairs is divided into four smaller organizations: the Office of the Director, the Policy Division; the Technical Assistance Division and the Financial Management Division. The first two sub-organizations focus almost exclusively on the second Mission Goal (third program activity) and the latter

sub-organizations on the first Mission Goal (first two program activities). In terms of meeting Mission Goals, there is some overlap between divisions. For example, work on improving governmental relations can directly affect the provision of technical and financial assistance. Likewise, OIA's assistance activities have an effect on insular relationships with the Federal government.

GPRA Activity 1— Improve Infrastructure						
	FY 1999 Enacted		FY 2000 Enacted		FY 2001 Pres Budget	
	Total	GPRA Activity 1	Total	GPRA Activity 1	Total	GPRA Activity 1
Assistance to Territories:						
Office of Insular Affairs	3,849	694	4,095	738	4,395	793
Technical Assistance	5,661		5,661		6,661	
Guam Impact Aid	0		3,000	3,000	0	
Maintenance Assistance	2,300	2,300	2,300	2,300	2,300	2,300
Brown Tree Snake	2,100		2,350		2,350	
Insular Management Controls	1,491		1,491		1,491	
Coral Reef Initiative			500		500	
American Samoa Operations	23,054		23,054		23,054	
Covenant Grants						
CNMI Construction	11,000	11,000	5,580	5,580	11,000	11,000
Guam Impact Aid	4,580	4,580	4,580	4,580	10,000	10,000
American Samoa Construction	10,140	10,140	10,140	10,140	10,140	10,140
CNMI Immigration Initiative	2,000		2,000		2,000	
Virgin Islands Construction	0	0	5,420	5,420	0	0
Total, Covenant (Mandatory)	27,720	25,720	27,720	25,720	33,140	31,140
Total, Assistance to Territories.....	66,175	28,714	70,171	31,758	73,891	34,233
Compact of Free Association:						
Federal Services (Discretionary)	7,354		7,120		7,354	
Enewetak Ops (Discretionary)	1,576		1,191		1,191	
Total, Compact, Mandatory	12,000		12,000		12,000	
Total, Compact, Permanent Indefinite	119,820	35,540	122,014	35,540	124,208	35,540
Total, Compact of Free Association.....	140,750	35,540	142,325	35,540	144,753	35,540
Payments to U.S. Territories:						
Guam Section 30 Tax Collections	54,416		41,006		41,006	
Virgin Islands Rum Excise Tax	54,854		67,776		65,649	
Total, Payments to U.S. Territories.....	109,270		108,782		106,655	
Total, OIA	316,195	64,254	321,278	67,298	325,299	69,773
American Samoa Loan Subsidy.....	0		3,000		0	
Grand Total, OIA.....	316,195	64,254	324,278	67,298	325,299	69,773

GPRA Activity 2 — Improve Government Systems and Services

	FY 1999 Enacted		FY 2000 Enacted		FY 2001 Pres Budget	
	Total	GPRA Activity 2	Total	GPRA Activity 2	Total	GPRA Activity 2
Assistance to Territories:						
Office of Insular Affairs	3,849	1,502	4,095	1,598	4,395	1,714
Technical Assistance	5,661	5,661	5,661	5,661	6,661	6,661
Guam Impact Aid	0		3,000		0	
Maintenance Assistance	2,300		2,300		2,300	
Brown Tree Snake	2,100	2,100	2,350	2,350	2,350	2,350
Insular Management Controls	1,491	1,491	1,491	1,491	1,491	1,491
Coral Reef Initiative	0	0	500	500	500	500
American Samoa Operations	23,054	23,054	23,054	23,054	23,054	23,054
Covenant Grants						
CNMI Construction	11,000		5,580		11,000	
Guam Impact Aid	4,580		4,580		10,000	
American Samoa Construction	10,140		10,140		10,140	
CNMI Immigration Initiative	2,000	2,000	2,000	2,000	2,000	2,000
Virgin Islands Construction	0	0	5,420	0	0	0
Total, Covenant (Mandatory)	27,720	2,000	27,720	2,000	33,140	2,000
Total, Assistance to Territories.....	66,175	35,808	70,171	36,654	73,891	37,770
Compact of Free Association:						
Federal Services (Discretionary)	7,354	7,354	7,120	7,120	7,354	7,354
Enewetak Ops (Discretionary)	1,576	1,576	1,191	1,191	1,191	1,191
Total, Compact, Mandatory	12,000	12,000	12,000	12,000	12,000	12,000
Total, Compact, Permanent Indefinite	119,820	84,280	122,014	86,474	124,208	88,668
Total, Compact of Free Association....	140,750	105,210	142,325	106,785	144,753	109,213
Payments to U.S. Territories						
Guam Section 30 Tax Collections	54,416	54,416	41,006	41,006	41,006	41,006
Virgin Islands Rum Excise Tax	54,854	54,854	67,776	67,776	65,649	65,649
Total, Payments to U.S. Territories	109,270	109,270	108,782	108,782	106,655	106,655
Total, OIA, Discretionary & Mandatory	316,195	250,288	321,278	252,221	325,299	253,638
American Samoa Loan Subsidy	0	0	3,000	3,000	0	0
Grand Total, OIA	316,195	250,288	324,278	255,221	325,299	253,638

GPRA Activity 3 — Improve Governmental Relations

	FY 1999 Enacted		FY 2000 Enacted		FY 2001 Pres Budget	
	Total	GPRA Activity 3	Total	GPRA Activity 3	Total	GPRA Activity 3
Assistance to Territories:						
Office of Insular Affairs	3,849	1,653	4,095	1,759	4,395	1,888
Technical Assistance	5,661		5,661		6,661	
Guam Impact Aid	0		3,000		0	
Maintenance Assistance	2,300		2,300		2,300	
Brown Tree Snake	2,100		2,350		2,350	
Insular Management Controls	1,491		1,491		1,491	
Coral Reef Initiative			500		500	
American Samoa Operations	23,054		23,054		23,054	
Covenant Grants						
CNMI Construction	11,000		5,580		11,000	
Guam Impact Aid	4,580		4,580		10,000	
American Samoa Construction	10,140		10,140		10,140	
CNMI Immigration Initiative	2,000		2,000		2,000	
Virgin Islands Construction	0	0	5,420	0	0	0
Total, Covenant (Mandatory)	27,720	0	27,720	0	33,140	0
Total, Assistance to Territories.....	66,175	1,653	70,171	1,759	73,891	1,888
Compact of Free Association:						
Federal Services (Discretionary)	7,354		7,120		7,354	
Enewetak Ops (Discretionary)	1,576		1,191		1,191	
Total, Compact, Mandatory	12,000		12,000		12,000	
Total, Compact, Permanent Indefinite	119,820		122,014		124,208	
Total, Compact of Free Association....	140,750	0	142,325	0	144,753	0
Payments to U.S. Territories						
Guam Section 30 Tax Collections	54,416		41,006		41,006	
Virgin Islands Rum Excise Tax	54,854		67,776		65,649	
Total, Payments to U.S. Territories	109,270	0	108,782	0	106,655	0
Total, OIA	316,195	1,653	321,278	1,759	325,299	1,888
American Samoa Loan Subsidy	0		3,000		0	
Grand Total, OIA	316,195	1,653	324,278	1,759	325,299	1,888

1.5 ADJUSTMENTS TO STRATEGIC PLAN

The goals in this Annual Performance Plan are based on the revised FY 2000-2005 Strategic Plan which will be released in March 2000. The new Strategic Plan will explain structural and goal changes and the rationale for the modifications. The Office did not have specific Mission Goals in its original Strategic Plan and two new Mission Goals have been defined. Changes have also been made in long-term goals. The reasons are discussed in the Executive Summary.

1.6 FY 2001 GOALS-AT-A-GLANCE

As shown in Section 1.3, *Relationship Between Departmental Goals and OIA Goals*, all OIA goals fall under a single Departmental goal: to "Meet...our commitments to island communities." The following table, therefore, just shows OIA Mission Goals, long-term goals and FY 2001 annual performance goals.

FY 2001 GOALS-AT-A-GLANCE

OIA Mission Goals	Program Activities	Long-term Goals	FY 2001 Annual Goals
Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	Improve Infrastructure	<ol style="list-style-type: none"> By 2005, all insular governments are implementing multi-year capital plans for infrastructure, that adequately identify operations and maintenance needs. Increase grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects. 	<p>Complete at least one additional multi-year capital plan.</p> <p>Increase ratio of projects completed to projects started. Reduce the average time (in months) from grant award to project completion.</p>
	Improve Government Systems and Services	<ol style="list-style-type: none"> By 2005, all insular governments are implementing long-term plans to improve financial management. Increase grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects. 	<p>Complete at least one additional financial management improvement plan.</p> <p>Increase ratio of projects completed to projects started. Reduce the average time (in months) from grant award to project completion.</p>
Help manage Federal-island relations by promoting appropriate Federal policies.	Improve Governmental Relations	<ol style="list-style-type: none"> Improve Federal-insular communications to facilitate the resolution of insular area problems. 	Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2000.

Section II

GPRA Program Activities And Goals

2.1 GPRA PROGRAM ACTIVITY 1: IMPROVE INFRASTRUCTURE

Description

By providing financial and technical assistance, this program can help ensure that the insular governments have adequate infrastructure, including: schools, health care facilities, port facilities, roads, power, water, wastewater, solid waste, prisons and general public facilities such as government offices, parks and recreation facilities, libraries etc. Direct grants are provided to cover the costs of design and construction. On the technical assistance side, the program assists the governments in developing the institutional capacity to maintain infrastructure and ensure plans are in place that identify priorities and specific project needs for a minimum five-year period.

FY 2001 PERFORMANCE GOALS

- Complete at least one additional multi-year capital plan.
- Increase the number of projects completed over the FY 1999 baseline.
- Reduce from the FY 1999 baseline, the average amount of time it takes to complete a project from grant award to completion of construction.

Proposed Legislation

A legislative proposal is being submitted concurrently with the budget that will increase the value of mandatory annual construction grants to Guam from \$4,580,000 to \$10,000,000.

2.1.1 GOAL: DEVELOPMENT AND USE OF MULTI-YEAR CAPITAL PLANS

GPRA Program Activity – Improve Infrastructure

Long-term Goal – By 2005, all insular governments are implementing multi-year capital plans for infrastructure that adequately identify operations and maintenance needs.

FY 2001 Annual Performance Goal
1. Complete at least one additional multi-year capital plan.

ANNUAL PERFORMANCE MEASURE: IN FY 2001

Performance Measure	1997 Actual	1998 Actual	1999 Plan	1999 Actual	2000 Plan	2001 Proposed
Capital Plans Completed (Cumulative)	1	1	4	2	3	4

Goal Description

Revised Long-term Goal: The goal has been revised to shift the date for completion of all capital plans from 2002 to 2005. This is more realistic given external factors such as Compact re-negotiation, which could change the requirements and timing for completing the plans for two of the freely associated states.

OIA believes it is very important that long-term plans are in place for capital improvements in the insular areas, particularly given the high dependence on Federal funding for these improvements. Although plans were mandated under the Compact of Free Association Act of 1985, they have not been rigorously enforced or updated. These issues will be discussed in on-going re-negotiation of Compact financial assistance for two of the three freely associated states.

In 1996, legislation mandated plans for two insular areas, American Samoa and the Commonwealth of the Northern Mariana Islands. A model plan was completed

for American Samoa in 1997 and is being followed and updated annually. An excellent plan was completed for the Commonwealth of the Northern Mariana Islands in 1999. Except when they are mandated in Federal law, OIA cannot force insular governments to develop plans. However, it has expressed to the governments its strong support for plans and, through its Operations and Maintenance Improvement Program, offered technical assistance to help pay for planning.

FY 2001 ANNUAL PERFORMANCE PLAN

The FY 2000-2005 strategic goal has been revised to extend completion of long-term plans from FY 2002 until FY 2005. This realistically allows for one plan to be written each year beginning with program inception in FY 1997. The requested funding level provides adequate money to complete one plan, assuming there is an insular government willing to undertake this non-mandatory planning.

FY 1999 ANNUAL PERFORMANCE REPORT:

- **FY 1999 Original Goal:** Multi-year capital plans will be completed for four of ten insular governments with funding identified for at least 75 percent of listed projects.
- **Report:** This goal was not met and has been modified. The intent, which is that long-term capital plans are in place for each insular government, remains a constant. We originally hoped to have four plans completed by the end of FY 1999. Only two plans were completed and work on a third is expected to commence in mid-FY 2000. Our ability to complete plans is, to a large extent, dependent on the insular governments making this planning a high priority. The poor financial condition of the insular governments over the past two or three years has caused some shifting of priorities to immediate operational needs rather than long-term planning.

DATA VERIFICATION AND VALIDATION

Data Collection Methodology, Sources, and Limitations	The completion of a capital plan occurs when a final plan is received by the Office of Insular Affairs. Plans are received and counted.
Validation	Validation can be performed by any inside or outside party merely by obtaining a copy of all completed plans.

2.1.2 GOAL: IMPROVING GRANT PRODUCTIVITY

GPRA Program Activity – Improving Infrastructure

Long-term Goal – Increase grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.

FY 2001 Annual Performance Goals:

1. Increase ratio of projects completed to projects started.
2. Reduce the average time (in months) from grant award to project completion.

ANNUAL PERFORMANCE MEASURE: IN FY 2001

Performance Measure	1997 Actual	1998 Actual	1999 Plan	1999 Actual	2000 Plan	2001 Proposed
1. Increase ratio of projects completed to projects started.	**	**	**	.29	.40	.50
2. Reduce the average time (in months) from grant award to project completion.	**	**	**	32	30	28

** This long-term goal and related performance goals are new in fiscal year 2000.

Goal Description

This new goal will be reflected in a new Strategic Plan to be transmitted in March 2000. While it is primarily an output goal, it better reflects the work performed by OIA and within its control and is critical to the insular governments. Their ability to spend money quickly and effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion.

FY 2001 GOALS

These performance goals are designed to emphasize the productivity of the Office and the island governments rather than the ultimate social or economic value of the grants. While the focus is more on outputs than outcomes, these are within the control of OIA and much more easily measured and managed.

FY 1999 ANNUAL PERFORMANCE REPORT

- **Report:** This goal did not exist in FY 1999, although FY 1999 data will be used as the baseline.

DATA VERIFICATION AND VALIDATION

Data Collection Methodology, Sources, and Limitations

Our definition of a grant “project” is any grant item listed on a grant offer that has its own budget and financial activity, including drawdowns and expenditures are tracked. “Project completion” occurs on the date when the final reimbursable drawdown is paid. “Project start” occurs when the grant is signed by the recipient government. Project starts and completions are counted on a fiscal year basis. Project duration, in months, is counted by month from the project start until project completion and is rounded to the closest number of months (based on a 30 day month).

Validation

Validation can be accomplished by any outside party looking at the grant files and noting the project start and completion dates. Interim progress is tracked through financial and narrative reports submitted by the insular governments throughout the duration of the grant. These reports are maintained in an official grant file.

2.1.3 TRACKING INSTITUTIONAL CHANGES

Goal

Insular governments will achieve institutional changes 10 percent above the 1998 baseline report cards, consistent with "operations and maintenance improvement program action plans."

DISCONTINUED GOAL FY 1999 ANNUAL PERFORMANCE REPORT

Based on the data collected, the program of instituting changes to operations and maintenance of facilities showed some improvement over 1998, but not at the 10 percent level stated in the goal.

Tracking institutional changes has been discontinued. This data was being collected by an independent contractor, and the contract has been terminated because the data was questionable in terms of its high cost.

2.2 GPRA PROGRAM ACTIVITY 2: IMPROVE GOVERNMENT SYSTEMS AND SERVICES

Description

This program activity provides financial and technical assistance to help ensure the insular governments are providing adequate public services and efficient governmental operations. Financial assistance is provided in several forms including: discretionary grants for operations to American Samoa and Enewetak; tax coverovers to Guam and the U.S. Virgin Islands; and guaranteed assistance for general operations and health and education to the freely associated states. Technical assistance is provided for priority projects in the areas of financial management, health care, education, public safety, economic development and statistical data collection.

FY 2001 PERFORMANCE GOALS

- Complete at least one additional financial management improvement plan.
- Increase ratio of projects completed to projects started.
- Reduce the average time (in months) from grant award to project completion.

2.2.1 GOAL: DEVELOPMENT AND USE OF FINANCIAL MANAGEMENT IMPROVEMENT PLANS

GPRA Program Activity – Improve Government Systems and Services

Long-term Goal – By 2005, all insular governments are implementing long-term plans to improve financial management.

FY 2001 Annual Performance Goal
 1. Complete at least one additional financial management improvement plan.

ANNUAL PERFORMANCE MEASURE: IN FY 2001

Performance Measure	1997 Actual	1998 Actual	1999 Plan	1999 Actual	2000 Plan	2001 Proposed
Financial Management Improvement Plans Completed (Cumulative)	1	2	3	4	5	6

Goal Description

Revised Long-term Goal: By 2005, OIA intends to complete all financial improvement plans. This goal can be achieved by completing one plan per year.

Good management in the insular governments, as demonstrated by sound financial management practices, is essential to developmental goals and the protection of taxpayers money. OIA cannot force the governments to develop plans, but can offer expertise and other incentives if the governments will make the effort. In conjunction with the USDA Graduate School, OIA has gathered together a team of experts with significant experience in the Federal government, governmental and public auditing, and island financial systems and practices. To date the program has been quite successful, specifically in terms of cooperation from the insular governments.

FY 2001 GOAL

This goal has been modified to reflect a more realistic expectation of plan development, allowing for one plan each year. There is sufficient funding in the Fiscal Year 2001 budget request to complete one additional plan.

FY 1999 ANNUAL PERFORMANCE REPORT

- **FY 1999 Original Goal:** “Financial management improvement plans will be completed for each of seven insular governments.”
- **Report:** The original goal was unachievable, because financial and time constraints prevent the team of experts from completing financial management improvement plans at as fast a rate as was originally anticipated.. Plans have been completed for American Samoa, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau. In FY 2000, work began on a financial management improvement plan for the Government of Guam.

DATA VERIFICATION AND VALIDATION

Data Collection
Methodology, Sources,
and Limitations

Financial Management Improvement Plans are considered complete when a copy of the final plan is received in the Office of Insular Affairs.

Validation

Validation can be accomplished by any internal or outside party obtaining copies of the final plans. Interim progress is tracked through financial and narrative reports submitted by the insular governments throughout the duration of the grant. These reports are maintained in an official grant file.

2.2.2 GOAL: IMPROVING GRANT PRODUCTIVITY

GPRA Program Activity – Improve Government Systems and Services

Long-term Goal – Increase grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.

FY 2001 Annual Performance Goals

1. Increase ratio of projects completed to projects started.
2. Reduce the average time (in months) from grant award to project completion.

ANNUAL PERFORMANCE MEASURE: IN FY 2001

Performance Measure	1997 Actual	1998 Actual	1999 Plan	1999 Actual	2000 Plan	2001 Proposed
1. Increase ratio of projects completed to projects started.	**	**	**	.39	.45	.50
2. Reduce the average time (in months) from grant award to project completion.	**	**	**	61	50	40

** This long-term goal and related performance goals are new in fiscal year 2000.

Goal Description

This new goal will be reflected in a new Strategic Plan to be transmitted in March 2000. While it is primarily an output goal, it better reflects the work performed by OIA and within its control, and is critical to the insular governments. Their ability to spend money quickly and effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion.

FY 2001 GOALS

These performance goals are designed to emphasize the productivity of the Office and the island governments rather than the ultimate social or economic value of the grants. While the focus is more on outputs than outcomes, these are within the control of OIA and much more easily measured.

FY 1999 ANNUAL PERFORMANCE REPORT

- **Report:** This goal did not exist in FY 1999, although FY 1999 data will be used as the baseline.

DATA VERIFICATION AND VALIDATION

Data Collection Methodology, Sources, and Limitations

Our definition of a grant "project" is any grant item listed on a grant offer that has its own budget and financial activity, including drawdowns and expenditures are tracked. "Project completion" occurs on the date when the final reimbursable drawdown is paid. "Project start" occurs when the grant is signed by the recipient government. Project starts and completions are counted on a fiscal year basis. Project duration, in months, is counted by month from the project start until project completion and is rounded to the closest number of months (based on a 30 day month).

Validation

Validation can be accomplished by any outside party looking at the grant files and noting the project start and completion dates. Interim progress is tracked through financial and narrative reports submitted by the insular governments throughout the duration of the grant. These reports are maintained in an official grant file.

2.2.3 IDENTIFY PRIORITIES

Goal

Work with each insular government to identify priorities and develop and implement long-term plans to improve expertise, operating efficiency and institutional capacity in health care, education, public safety, economic development and statistical data.

DISCONTINUED GOAL FY 1999 ANNUAL PERFORMANCE REPORT

The intent of this goal was to report on outcomes in the insular areas that are very important, but are largely outside the control of the Office of Insular Affairs. OIA controls such a small portion of total government funding in the insular areas that it cannot, in the short run, have any meaningful impact on social or economic changes. Ultimately, there has been and will continue to be meaningful changes resulting directly from technical assistance efforts. These changes, rather than being reflected in this plan, will be shown in data submitted to Congress and made available to the public in an annual "State of the Islands Report."

Even though this is an important goal for the territories, and one that OIA can assist them in accomplishing through grants or technical assistance, it is substantially outside the control of OIA and is not an accurate reflection of its mission. Therefore, the goal is being discontinued.

2.2.4 ACHIEVING SELF-SUFFICIENCY

Goal

For those governments receiving an operating subsidy, include elements in technical assistance plans that address the need to attain greater self-sufficiency by increasing local revenues and controlling local government expenditures.

DISCONTINUED GOAL FY 1999 PERFORMANCE REPORT

Baseline data was not collected in the form envisioned in the original performance goal.

Although an important goal for the territories, and one that OIA can assist with through grants or technical assistance, this goal is being discontinued because it is substantially outside the control of OIA and is not an accurate reflection of its mission. This data or similar data will be collected and reported in the annual State of the Islands Report that is submitted to Congress and made available to the public and other stakeholders. It is not being collected for GPRA purposes.

2.3 GPRA PROGRAM ACTIVITY 3: IMPROVE GOVERNMENTAL RELATIONS

Description

This is the largest single workload activity within the Office of Insular Affairs. The Office has responsibilities mandated in law or by Executive and Secretarial Orders to help formulate policies relative to the relationship between the insular areas and the Federal government, and to report on associated problems and effects. Improving governmental relations is staff-intensive work that requires extensive communications and coordination among Federal agencies and insular officials and organizations.

FY 2001 PERFORMANCE GOALS

Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2000.

2.3.1 GOAL: IMPROVE FEDERAL-INSULAR COMMUNICATIONS

GPRA Program Activity – Improve Governmental Relations

Long-term Goal – Improve Federal-insular communications to facilitate the resolution of insular areas’ problems.

FY 2001 Annual Performance Goal

1. Increase insular governments’ satisfaction regarding communications with the Federal government over survey baselines established in 2000.

ANNUAL PERFORMANCE MEASURE: IN FY 2001

Performance Measure	1997 Actual	1998 Actual	1999 Plan	1999 Actual	2000 Plan	2001 Proposed
Customer Survey	**	**	**	**	Complete Baseline	TBD*

TBD* –To be determined.

Goal Description

The essence of OIA’s mission is to serve the insular governments, and its ability to communicate well and help clarify Federal and insular positions is critical. The perception of how well we improve communications and the relationships with the Federal government are what we hope to measure and quantify through a survey completed annually by each government.

satisfaction regarding communications in FY 2001. OIA still needs a quantifiable baseline survey, which will be conducted during FY 2000.

FY 1999 ANNUAL PERFORMANCE REPORT:

A quantifiable survey of the insular governments has not been conducted, so there is still no measure by which to determine the success of goal performance. The Office is committed to conducting such a survey in fiscal year 2000.

FY 2001 GOALS

The Office of Insular Affairs has sufficient resources to accomplish its goal of improving insular governments’

DATA VERIFICATION AND VALIDATION

Data Collection Methodology, Sources, and Limitations	Data will be collected on the basis of a survey, which asks a series of questions requiring quantifiable responses. The source of data will be island officials who are asked to complete the questionnaire. The limitation will be the subjectivity of the responses and highly political nature of the relationship that can affect the survey responses in ways out of the control of OIA.
Validation	The completed Survey questionnaires will be filed and maintained for outside review.

Section III

Additional GPRA Information

3.1 CUSTOMER SERVICE

Customer service is integral to achieving all OIA goals from improving island infrastructure and governmental systems and services to developing and implementing long-term plans. With only limited exceptions, long-term planning is not mandatory for these governments. Therefore, OIA must convince them of the importance of such activities. This requires developing and nurturing close relationships with insular officials and gaining their trust and respect. Likewise, OIA's goal to improve Federal-insular relationships is highly dependent on the customer service relationship with the island governments and other Federal agencies.

3.2 CROSSCUTTING ISSUES

In performing its mission and achieving its goals, OIA works with virtually every Federal agency. It plays a key role in two interagency groups — one focused on Freely Associated State Affairs, and the other on Insular Areas. Major Federal partners are the Departments of State, Defense, Justice, Agriculture and Commerce, the Environmental Protection Administration, the Army Corps of Engineers, the Bureau of Census, and the USDA Graduate School. Two of OIA's grant programs, the Brown Tree Snake Control Program and the Coral Reef Initiative, are parts of major Departmental and Federal crosscutting efforts. OIA's brown tree snake efforts are included within the President's initiative to manage non-indigenous invasive species. OIA finances efforts by the US Geological Survey, the Fish and Wildlife Service, the Department of Defense Pest Management Control Board, and the USDA Wildlife Services. The Coral Reef Initiative involves work and coordination with the US Geological Survey, the Fish and Wildlife Service, the National Park Service and the Department of Commerce.

3.3 MANAGEMENT ISSUES

OIA works closely with the Office of Inspector General (IG), which has a greater presence in the islands than OIA, and with the General Accounting Office (GAO) to a lesser extent. There are currently no major management issues identified by these organizations relative to insular programs. The generally poor financial condition and poor management controls of the insular governments; however, are a major priority of OIA assistance efforts. They have also been a subject of numerous IG and GAO reports.

3.4 DATA VERIFICATION AND VALIDATION

OIA is making significant changes to its Strategic and Annual Performance Plans because of problems with data verification and validation. Under previous plans, OIA was highly dependent on the insular governments for performance data and goal achievement. Revised strategic and performance goals are more internal and output-oriented and are relatively easy to obtain and track. Validation can be performed by any outside party looking to do so. The security of OIA's performance data is not an issue or concern.

3.5 PROGRAM EVALUATIONS

As a very small office, OIA has not performed any documented performance evaluations. However, OIA grants management has historically been the subject of a numerous IG audits and is discussed in the internal control findings of the annual audited financial statement, required by the Chief Financial Officers Act.

3.6 CAPITAL ASSETS/CAPITAL PROGRAMMING

OIA has no capital assets other than office equipment. However, OIA funds major capital acquisitions for the insular areas and capital planning is a major strategic goal for the office.

3.7 USE OF NON-FEDERAL PARTIES IN PREPARING THIS PLAN

Non-Federal assistance was not used in preparing this Plan.

3.8 WAIVERS FOR MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY

OIA is unaware of any waivers it has for managerial accountability and flexibility.

Appendix I

FY 1999 Annual Performance Report At-a-Glance Table

Long-Term Goal	FY1999 Annual Goals
<p>1. Improve Infrastructure</p>	
<p>1.1 By 2002, all insular governments are implementing multi-year capital plans for infrastructure, that are based on objective criteria, ensure adequate operations and maintenance, and specifically address user fees or other self-financing mechanisms when appropriate.</p>	<p>1.1.1 Multi-year capital plans will be completed for four of ten insular governments with funding identified for at least 75 percent of listed projects.</p>
	<p>1.1.2 Insular governments will improve maintenance practices above the 1998 baseline report cards, consistent with "operations and maintenance improvement program" action plans.</p>
<p>2. Improve Governmental Systems and Services</p>	
<p>2.1 Work with each insular government to develop and implement plans to improve financial management.</p>	<p>2.1.1 Financial improvement plans will be completed for each of seven insular governments.</p>
	<p>2.1.2 Seventy percent of planned objectives will be on schedule.</p>
	<p>2.1.3 All seven insular governments will complete audited financial reports within 12 months of the close of the year.</p>
	<p>2.1.4 The total number of insular financial management employees trained and achieving certified status will be increased by at least ten percent over the 1998 baseline.</p>

Target Performance	99 Actual Results	Comments
1.1.1 Four multi-year plans completed	1.1.1 Two multi-year plans completed	1.1.1 Plans have not been completed as quickly as expected. The only plans completed were those mandated by law for the CNMI and American Samoa. The goal has been modified to assume a more realistic goal of one plan per year, and with all plans completed by 2005.
1.1.2 47 Percent of tracked institutional developments achieved compared to 43 percent in 1998 baseline	1.1.2 43 percent of institutional developments were achieved, no change from 1998	1.1.2 This performance goal is being discontinued in 2000, due to limited value and high contractual costs in obtaining data from the insular governments.
2.1.1 Seven multi-year financial management plans to be completed	2.1.1 3 Three financial management plans actually completed	2.1.1 Plans have not been completed as quickly as hoped. The long-term goal is being revised to have all plans completed by 2005.
2.1.2 Seventy percent of planned objectives on schedule	2.1.2 No data was collected	2.1.2 It was determined that OIA was too dependent on insular governments for collection of this data.
2.1.3 All seven governments to complete audited financial statements on time (within 12 mos.)	2.1.3 Three of the governments completed financial statements on time.	2.1.3 It was determined this performance goal was out of the control of OIA and it has now been dropped from OIA's long-term goals.
2.1.4 Number of insular financial management employees achieving certified status.	2.1.4 No baseline data was collected.	2.1.4 Achievement of this goal is largely outside the control of OIA and it is no longer included as a performance goal.

FY 1999 Annual Performance Report At-a-Glance Table

Long-Term Goal	FY1999 Annual Goals
2. Improve Governmental Systems and Services	
<p>2.2 Work with each insular government to identify problems and develop and implement long-term plans to improve expertise, operating efficiency, and institutional capacity in health care, education, public safety, economic development, statistics, transportation and telecommunications.</p>	<p>2.2.1 At least 70 percent of planned objectives will be met on schedule.</p> <p>2.2.2 Performance will be improved over baseline data in all priority areas identified in 1998.</p>
<p>2.3 For those governments receiving an operating grant or subsidy, include elements in the technical assistance plan that address the need to attain greater self-sufficiency by increasing local revenues and controlling government expenditures.</p>	<p>2.3.1 Assist in implementation of financial recovery plans for the Virgin Islands and American Samoa and achieve improved financial positions over baseline.</p> <p>2.3.2 Assist in implementation of financial recovery efforts for the Republic of the Marshall Islands and the Federated States of Micronesia that were developed in conjunction with the Asian Development Bank and achieve improved financial positions over 1998 baseline.</p>
3. Improve governmental relations	
<p>3.1 Improve Federal-insular communications</p>	<p>3.1.1 Increase insular governments satisfaction regarding communications with the Federal government over customer survey baselines established in 1998.</p>

Target Performance	99 Actual Results	Comments
2.2.1 Implement 70 percent of planned objectives as determined by a 1998 baseline.	2.2.1 A baseline was not developed and no data is available.	2.2.1 This long-term goal has been removed from the OIA plan and related performance goals are not being tracked. OIA does not have the capacity to develop these plans. It can only assist the island governments in developing them. In addition, only the governments can track performance.
2.2.2 Improve on baseline data that measures improvements in major areas such as health, education, public safety, etc.	2.2.2 Baseline data was not developed in 1998 for inclusion in GPRA reporting.	2.2.2 This long-term goal and related performance goal is being removed from the OIA strategic plan. Performance of the insular governments is being measured by statistical data that will be shown in the annual State of the Islands Report.
2.3.1. Increase the ratio of local revenues to total revenues for these two territories.	2.3.1 Baseline data was not developed and is not available.	2.3.1 This long-term goal and related performance goals are being removed from the OIA strategic plan. Basic financial data on the status of the territorial governments will be reported in the annual State of the Islands Report, since their financial status is outside the control of OIA.
2.3.2 Increase the ratio of local to total revenues for these two foreign governments.	2.3.2 Baseline data was not developed and is not available.	2.3.2 Tracking of the financial condition of the freely associated states will continue; however since their financial status is largely outside the control of OIA, it will be reported in the annual State of the Islands Report.
3.1.1 An increase in measured performance based on quantifiable data collected in an island survey.	3.1.1 A quantifiable baseline to measure insular satisfaction has not yet been developed.	3.1.1 In fiscal year 2000, OIA plans to conduct another island survey that will result in a quantifiable baseline.

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